

## **CODE OF BUSINESS CONDUCT AND ETHICS**

Flotek Industries, Inc. is committed to ethically and legally conducting its business in every aspect of its operations, either directly or indirectly through any person or entity conducting activity on its behalf. Our Code of Business Conduct and Ethics (“Code”) serves to (1) emphasize the Company’s commitment to ethics and compliance with the law; (2) set forth basic standards of ethical and legal behavior; (3) provide reporting mechanisms for known or suspected ethical or legal violations or violations of the Code; and (4) provide notice of expected accountability and ramifications for violations of the Code. Our Code applies to all officers, directors, employees, consultants, independent contractors and representatives of Flotek Industries, Inc. and each of its subsidiaries. We use “Company” to collectively refer to those companies, and “we” and “our” to refer to the officers, directors, employees, consultants, independent contractors and representatives of the Company throughout the world who contribute to the Company’s reputation for integrity and high ethical standards.

### **I. Business Conduct**

We will avoid misrepresentation of facts, manipulation, concealment, misuse of privileged information, fraud or other unfair business practices. It is a serious violation of this policy to engage in any act which is intended, or perceived, to harm the reputation, business, prospects, or operations of the Company, our customers, vendors, employees, officers, directors or shareholders.

### **II. Protecting Company Assets and Opportunities**

We have a responsibility to protect Company assets, including physical and intellectual property, from loss, theft, misuse and waste and to ensure Company assets and funds are used only for legal business purposes. Employees, officers and directors also owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises, and should not take for themselves personally opportunities that are discovered through the use of Company property, information or position. Moreover, employees, officers and directors should not compete with the Company.

#### **A. Company Property**

The use of employee services or cash, materials, equipment or assets of the Company for personal gain is not permitted. Violations include, but are not limited to, sale of Company vehicles to employees above or below fair market value, allowing employees to perform personal tasks for others, directing refunds from vendors or suppliers to accounts other than that of the Company, and the use of Company funds to pay personal expenses unless a supervisor approved advance is submitted in accordance with applicable policies and procedures.

**B. Company Funds**

The use of Company funds or other assets for any unlawful or fraudulent purpose, including bribes and kickbacks, or for personal use is strictly prohibited. Payments made to any third party to obtain or retain business or any other improper reason are not allowed. No Company funds shall be contributed, directly or indirectly, to any candidate for public office, campaign funds, political party or organization, including political action committees, whether in the United States or abroad, unless a lawful contribution is approved in advance by the Company's Chief Executive Officer and the general counsel.

**C. Proprietary and Confidential Information**

Employees, officers and directors shall not directly or indirectly use any proprietary or confidential information, for any purposes not associated with Company activities. Proprietary information is the sole property of the Company. This information includes but is not limited to trade secrets or inventions, techniques, strategies or design, salaries, customer and supplier/vendor lists, pricing, purchasing, sales, marketing and financial information, budgets or forecasts, business plans, bid proposals and contract negotiations, research and development programs. Confidential information such as business knowledge and information, written or unwritten, acquired or created in the course of employment, and not authorized by management for public distribution shall not be used except as necessary to perform job responsibilities. Confidential information should be shared internally only with others who have a "need to know" and may not be disclosed to any supplier, customer, competitor, friend, relative, financial analyst, reporter or any other third party.

Just as the Company expects its property rights to be observed, we respect the rights of others. We should also maintain the confidentiality of information entrusted to us by customers of the Company. An employee must discuss the situation with his or her supervisor prior to accepting any offer of confidential information from outside sources. All computer users must take adequate steps to protect confidential information stored on the Company systems and networks, and website. Employees may not intercept or duplicate proprietary or confidential property. An employee must immediately notify his or her supervisor of any suspicious activity involving the receipt or transfer of information. All passwords must be properly secured and protected from unauthorized use. An Employee must lock or turn off his or her computer when unattended for extended periods. Laptop computers must be kept in secure locations when not in use.

**D. Responding to Requests for Information**

The Chief Executive Officer, Chief Financial Officer, Sr. Director Investor Relations and the general counsel of the Company are designated as the specific

representatives ("Designated Representatives") responsible for monitoring and coordinating the disclosure of information regarding the Company in a manner that protects the confidentiality of the information and ensures compliance with federal and state securities laws. Requests for information, including statements or comments solicited by the media or government representatives (federal, state or local), must be immediately referred to a Designated Representative. Under no circumstances should an individual release any information about the Company without the prior approval of content and timing of release from a Designated Representative.

### **III. Accuracy of Company Records**

All information, reports and records, including accounts and financial statements, whether for internal purposes or third party dealings, must be timely maintained in reasonable and appropriate detail and must accurately and honestly reflect the Company's transactions. Falsifying records or failure to record funds or assets is a serious offense and may result in prosecution and/or termination.

#### **A. Proper Accounting**

All Company financial transactions and fund expenditures must follow all established procedures and policies, be entered in the regularly maintained books of accounts and supported by adequate documentation. Financial information is provided to our shareholders, investors and government agencies and must conform to our internal control and disclosure procedures as well as to generally accepted accounting principles ("GAAP") and other laws and regulations, such as those of the Internal Revenue Service and the Securities and Exchange Commission ("SEC"). Our public communications and reports must contain information that is full, fair, accurate, timely and understandable. In furtherance of these requirements:

1. No fund or asset shall be established or maintained that is not reflected on the books and records of the Company;
2. No false, artificial, obscure or misleading entries in the books and records of the Company shall be made; and
3. No transaction shall be effected and no payment shall be made by or on behalf of the Company with the intention or understanding that the transaction or payment is other than as described in the documentation evidencing the transaction or supporting the payment.

**B. Record Retention**

Company records must be retained or purged in accordance with our record retention policies and all applicable laws and regulations. We may be legally required to make our records including reports, informal data such as e-mail, expense records and internal memos available to third parties. It is a crime to purposely alter, destroy, modify or conceal documentation or objects that are relevant to a government investigation or otherwise obstruct, influence or impede an official proceeding. If there is a subpoena or a pending government investigation, employees, officers and directors must preserve all records that could pertain to the investigation and immediately contact the Company's general counsel.

**IV. Conflicts of Interest**

Employees, officers and directors must avoid situations or conduct that could compromise your loyalty to the Company, interfere with your job in any way, and/or conflict with the interests of the Company. Employees, officers and directors must be able to perform duties and exercise good judgment on behalf of the Company without influence from any outside activity, interest or relationship. Employees, officers and directors must not engage in any activity that assists a competitor or is otherwise in competition with our business. In addition, employees, officers and directors must avoid outside activities that embarrass or discredit us. No employee, officer or director, or member of his or her family, should receive any improper personal benefits as a result of his or her position in the Company. No loans to, or guarantees of obligations of, any employee, officer or director, or member of his or her family, should be made by the Company. Any time an employee believes a conflict of interest or perception of a conflict may exist, such employee must disclose, in writing, the potential conflict of interest to the Company's general counsel. Officers and directors also should communicate potential conflicts of interest to the Company's general counsel.

**A. Ownership in Other Businesses**

Investments can sometimes cause a conflict of interest. In general, employees, officers and directors should not own, directly or indirectly, a significant financial interest in any company that does business with us, seeks to do business with us or competes with us. An employee must disclose, in writing, to his or her supervisor if he or she or a family member has a significant financial interest in a company with whom we do business, propose to do business or with whom we compete.

**B. Gifts and Entertainment**

We must treat all business relationships fairly and impartially. Therefore, we must not give or accept gifts, entertainment or gratuities that could influence or be

perceived to influence business decisions. Misunderstandings can usually be avoided when the Company conducts business ethically and refuses to seek or grant special considerations. Although this policy generally excludes gifts, meals, and entertainment worth less than \$250 from the same source within a calendar quarter, multiple small gifts or favors over a short period of time can be improper. Client policies may differ and must be complied with accordingly.

For guidance, please refer to the Company's Expense Accounts and Reimbursements Policy and the Company's Anti-Corruption and International Trade Controls Compliance Policies.

## **V. Compliance with Laws**

It is the policy of the Company to conduct business in compliance with all applicable laws, rules and government regulations. Although we address several important legal areas in the Code, we cannot anticipate every possible situation. It is the responsibility of employees, officers and directors to know and comply with all applicable laws, conduct all activities in an ethical manner, and report any violations of the law or the Code as set forth herein.

### **A. Antitrust Laws**

Antitrust laws are designed to ensure a fair and competitive marketplace by prohibiting various types of anticompetitive behavior. Avoid discussions with our competitors regarding pricing, terms and conditions, costs, marketing plans, customers and any other proprietary or confidential information. The following actions are clearly prohibited by this policy and various antitrust laws:

- Agreements or understandings among competitors to: Raise, lower, fix or control prices or to otherwise agree on pricing policy, discounts, promotions or terms or conditions of sale; Boycott specified suppliers or customers; Allocate products, territories, or markets; or Limit the production or sale of products or product lines.
- Selling products at a below-cost price in an attempt to force a competitor out of business or to sell a product on condition that the buyer will not buy products from a seller's competitor.

### **B. Unfair Competition and Deceptive Trade Practices**

The Federal Trade Commission Act ("FTC Act") and this policy prohibit "unfair methods of competition" and "unfair or deceptive acts or practices." Many actions not otherwise violating the letter of other antitrust laws, may violate the FTC Act, state antitrust laws, or deceptive trade practices laws. Each employee, officer and director should endeavor to deal fairly with the Company's customers, suppliers,

competitors and employees, and none should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice, including the following, which are examples, but not an exhaustive list, of conduct which has been found to constitute unfair competition or deceptive acts or practices:

- Commercial bribery, including payments made by a seller to its own or a competitor's customer to induce purchases of the seller's products;
- Coercion, intimidation or scare tactics directed against customers, prospective customers, competitors, or suppliers;
- Offering special benefits to distributors who exclude competing product lines;
- Acquiring competitors' trade secrets by unfair means, including espionage;
- Making false or deceptive statements or comparisons about competitors or their products, business practices, financial status, or reliability;
- Misrepresenting the price, composition, effectiveness, quality or other characteristics of a product;
- Making an affirmative product claim without a reasonable basis; and
- Representing our products as those of another manufacturer, such as by simulating a competitor's advertising labels or trademarks.

**C. Anticorruption, Import-Export and Anti-Boycott Laws**

We are committed to full compliance with all US and foreign laws regarding appropriate business dealings, and the prohibition of bribery and corruption in those dealings. Special care must be taken when providing anything of value to any Government Officials, including providing gifts, meals, and entertainment. "Government Officials" include any level government employee anywhere in the world or employees of government-controlled entities (such as national oil companies), as well as political parties and candidates for political office. The Company must also take precautions when hiring third parties, like agents, that will interact with Government Officials on the Company's behalf.

We are also committed to full compliance with all applicable U.S. laws governing imports, exports and when conducting business with non-U.S. entities. These laws limit the types of products that may be imported and the manner of importation as well as prohibit exports and most other transactions with certain countries, and

cooperation with or participation in foreign boycotts of countries not boycotted by the U.S.

We have adopted Anticorruption and International Trade Controls Compliance Policies to address these areas. A copy of these policies can be obtained from Human Resources or the Chief Compliance Officer.

**D. Insider Information and Securities Trading Policy**

Ethical standards and federal law prohibit reacting to non-public information when trading or recommending trading of Company stock, or buying or selling securities of customers, suppliers or other entities with which we have a relationship. The Company is obligated by various federal and state laws and regulations to make prompt, full, and fair public disclosure of information which may be expected to materially affect the market, unless such disclosure would be inappropriate under the circumstances. It is illegal to disclose such information to one person, a small group of persons, but not to the public.

Investment in Company stock by Company officers, directors and employees is generally desirable and not discouraged. However, such investments must be made with extreme caution of any appearance of impropriety and with recognition of the legal prohibitions against the misuse of insider information. All large stockholders (10% or more), executive officers, and directors are required to timely report to the SEC, their beneficial ownership of the Company's securities upon becoming a director, executive officer or large stockholder, and thereafter as appropriate to reflect any changes in their beneficial ownership of the Company's securities, warrants or stock options. Also, because the SEC requires the Company to disclose in its annual Form 10-K and proxy statement the name of any director or executive officer that fails to comply with the filing requirements of Section 16(a), it is the policy of the Company that all transactions by directors and executive officers in the Company's securities, including the preparation of all Section 16(a) reports, be cleared with the general counsel to avoid any embarrassment for failure to comply with reporting requirements

Regardless of his or her position within the Company, an employee, officer or director must not purchase or sell, or advise third parties to purchase or sell Company stock due to knowledge which is not yet publicly disseminated and must otherwise comply with applicable securities laws and the Insider Trading Policy of the Company, which among other things, restricts trading in Company stock during certain time periods. A copy of this policy is available from Human Resources or the Chief Compliance Officer.

## **VI. Administration and Enforcement**

Company management and employees are equal partners in ethical and legal behavior and full adherence to the Code. In furtherance of these responsibilities the Company has adopted the following:

### **A. Certification of Directors, Officers and Employees**

The Code shall be distributed to all officers, directors and employees. Each recipient of the Code will be required to sign a certification stating they have received, read, understand and will abide by the Code, and that they know of no violations of the Code.

### **B. Independent Contractors, Representatives and other Personnel**

The Code will be distributed to all consultants, independent contractors, representatives and other personnel (as designated by the Company's Chief Executive Officer). Each such recipient shall be required to acknowledge his or her receipt of the Code in writing or by suitable electronic means. Furthermore contracts with independent third parties will contain appropriate language requiring compliance with all US and foreign laws as required under the Flotek Anticorruption and International Trade Controls Compliance Policies.

The Code will also be made available on the Company's intranet and on the Company's internet site.

### **C. Obligation to Report**

Any officer, director, employee, or third party must report if they become aware of a violation, or potential violation of the Code or any of the laws discussed herein. Reporting obligations are discussed further at Annex A. Reports can be made anonymously or confidentially if requested and allowed by local laws.

### **D. Penalties for Violation of the Code**

Violations of the Code, including failing to report a violation or withholding relevant information, may result in disciplinary action, including immediate termination and civil remedies for any monetary loss suffered by the Company. Admission of a violation, the degree of cooperation and whether the violation was intentional or unintentional will be considered in any disciplinary action decisions.

**D. No Retaliation for Reporting**

We will not tolerate retaliation, harassment or intimidation against anyone who, in good faith, reports a suspected violation of law or the Code. In addition, federal "whistleblower" laws protect employees from discrimination or harassment for providing information to us or governmental authorities pertaining to workplace safety, the environment, securities fraud and fraud against shareholders. We encourage all to whom this Code applies to bring any good faith report of suspected violation to the attention of the Company through any or all means set out in Appendix A so that the report can be appropriately investigated and addressed to the full extent necessary.

**E. Waivers**

A request for a waiver of the Code must be submitted in writing to the Company's general counsel for approval. A waiver of any provision of the Code for a director or an executive officer must be approved by the Board of Directors or its designated committee and will be promptly disclosed to the extent required by law or regulation.

**F. Periodic Review and Supplementation**

The Company's general counsel is charged with the responsibility of reviewing applicable changes in laws and recommending changes to the Code to the Company's Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee shall continuously review, assess and make appropriate recommendations for changes to the Code for approval by the Board of Directors.

Accordingly, amendments to and revisions of the Code may be adopted from time to time. Such changes will become effective upon their adoption by the Board of Directors and copies thereof will be circulated as promptly as practicable. Since designated personnel are obligated to observe applicable laws and regulations, failure to receive and review a copy of any amendment or revision will not be an acceptable excuse for a failure to observe any applicable law or regulation of which the recipient had knowledge or reasonably should have had knowledge.

## APPENDIX A

### Reporting Violations

#### Obligation to Report Violations

Company directors, officers and employees, consultants, independent contractors and representatives have an affirmative obligation to report any known or suspected violations of the Code in accordance with the requirements set forth below:

#### **1. Initial Report**

(a) Anyone who acquires information that an employee or representative of the Company is engaged in conduct prohibited by the Code or any applicable law or regulation, must promptly report (in writing, by telephone call, electronically or in person) such information to:

- Facility Supervisor or Manager;
- Human Resources Manager;
- Chief Compliance Officer;
- The Company's general counsel;
- The Company's Compliance Toll Free Hotline
  - (800) 398-1496 English speaking
  - (800) 216-1288 Spanish speaking
- Email: [reports@lighthouseservices.com](mailto:reports@lighthouseservices.com);
- Fax alternative for written documents; OR
  - 215-689-3885
- [www.lighthouse-services.com](http://www.lighthouse-services.com) (anonymous reporting option)
  - Click on Report Incident Link
  - Username: Flotek
  - Password: complaint

These alternatives are provided to encourage and assure direct and open communication between the Company and its officers, directors and employees regarding potential violations. Anyone providing a written or verbal report of a known or suspected violation should provide as much information as possible, so that the Company has adequate information to conduct an investigation of the matter.

#### (b) Compliance Hotline

Anyone who (1) reasonably believes that a report of a violation would not be addressed by his/her supervisor; (2) fears repercussions from his/her supervisor or other persons; or (3) wishes to remain anonymous, may report suspected or known prohibited conduct to

the Flotek Compliance Hotline at (800) 398-1496 (English speaking) or (800) 216-1288 (Spanish speaking) or [www.lighthouse-services.com](http://www.lighthouse-services.com).

(c) Company directors, officers and employees also have an affirmative obligation to report any attempts by anyone to manipulate information or to fail to provide less than complete and accurate information in response to the reporting obligations required by this Policy.

## **2. Further Reporting.**

If any supervisor receives an initial report from anyone of any actual or suspected deviation from the Code, he/she will promptly document the pertinent facts and file a report with the Company's general counsel. Upon anyone's receipt of any report (whether oral, written or in person) regarding an actual or suspected deviation from the Code, and regardless of the source of such report (directly from the reporting person, from the supervisor, from the hotline, etc.) a copy of the report or a summary of the substance of the report shall be provided to the Company's general counsel and Chief Compliance Officer, who shall forward a copy to the Company's Chief Executive Officer.

If the allegation alleges improper conduct on the part of the Company's general counsel, Chief Compliance Officer and/or Chief Executive Officer, the report should not be provided to those individuals.

## **3. Investigation and Resolution.**

The Company's general counsel shall be responsible for promptly conducting an investigation of the alleged violation(s) and recommending a resolution to the Company's Chief Executive Officer.

## **4. Records.**

Records of the initial report, subsequent reports, and final resolution of the matter shall be maintained by the Company's general counsel.

## **5. Quarterly Reporting to Company Board of Directors.**

The Company's general counsel and/or the Chief Compliance Officer shall report to the Company's Board of Directors, on a quarterly basis, any significant events related to the Code and any efforts, investigations or reporting conducted.

Adopted: April 25, 2014